

TACTICS

FINANCIAL MODELING AS
AN ENROLLMENT STRATEGY

How much financial aid did
your school award this year?

Problems with Status Quo

- ❑ For the full cost to educate a child, parents who can - don't.
- ❑ Teacher salaries are unfairly low.
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The gap in educational costs is often made up by **donors** making less than high-income **parents** who could afford to pay.

	TUITION < FULL COST	TUITION = FULL COST
LITTLE FINANCIAL AID	<p>LOW TUITION, LITTLE FINANCIAL AID</p> <p>Attracts MIDDLE income</p>	<p>FULL-COST TUITION, LITTLE FINANCIAL AID</p> <p>Attracts HIGH income</p>
SIGNIFICANT AID	<p>LOW TUITION, SIGNIFICANT FINANCIAL AID</p> <p>Attracts LOW income</p>	<p>FULL-COST TUITION, SIGNIFICANT FINANCIAL AID</p> <p>Attracts ALL income levels</p>

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Attracts MIDDLE income

SIGNIFICANT AID

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TUITION = FULL COST

**FULL-COST TUITION,
LITTLE FINANCIAL AID**

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Attracts HIGH income

**FULL-COST TUITION,
SIGNIFICANT
FINANCIAL AID**

- full price = strongest impression of quality
- lower income attend with financial help
- best chance to reach out to a ministry need

Attracts ALL income levels

Financial Aid Pop Quiz

- ☐ Does financial aid need to be funded?
- ☐ Does financial aid need to be budgeted?
- ☐ Do we have to rigidly follow this budget?

Recommendations

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- ❑ All financial aid decisions are made by **you**.
- ❑ Practically all financial aid is **needs-based**.
- ❑ “**Automatic Discounts**” go away.

Advantages

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- ❑ **MARKETING:** Overcome the price question with availability of much more aid. It's the difference between **hanging up** and **showing up**.

A CASE STUDY

	Students Enrolled	Tuition Rate	Gross Income	Average Tuition	Net Income	Income Difference
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	+140	\$2300	\$1,204,000	\$2300	\$1,050,000	\$154,000

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	105	\$700	\$931,000	\$700	\$815,500	\$115,500

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	245	\$30000	\$2,135,000	\$30000	\$1,865,500	269,000

How Much Is Too Much?

- ❑ The limiting factor should be the breaking point where total accumulated dollars through graduation, beginning with the year when it is probable that the seat is filled with a full payer, rises above the total accumulated dollars of filling the seat with a partial payer this year.
- ❑ Determine when it is probable to fill the seat using enrollment trend data (Retention Rate and New Students by Grade).

How Much Is Too Much?

Example: Empty 6th grade seat that we will likely fill in 10th grade.

7 years at 84% (\$5,900) = \$41,300

vs.

3 years at 100% (\$7,000) = \$21,000



ACTION PLAN